

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 AGR-20 COME-00 TRSE-00 L-03 NSC-10

CIAE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

SPC-03 SAM-01 STR-08 CEA-02 CIEP-02 OMB-01 FRB-02

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P 131735Z FEB 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 6734

UNCLAS BRIDGETOWN 0274

E.O. 11652: N/A

TAGS: EGEN EAGR EFIN BB

SUBJ: GOB TO FOREGO CSA SUGAR COMMITMENTS

1. PM ERROL BARROW DISCLOSED PUBLICLY IN HOUSE OF ASSEMBLY DEBATE FEBRUARY 12 THAT GOB INTENDED TO FOREGO COMMITMENTS TO U.K. UNDER COMMONWEALTH SUGAR AGREEMENT (CSA) IN ORDER TO MAXIMIZE EXPORT EARNINGS. IN DISCUSSION OF LOAN BILL AUTHORIZING LOW INTEREST (3 PERCENT, 6-YEAR GRACE PERIOD) LOAN OF C DOLS 10 MILLION FROM CANADA FOR AIRPORT IMPROVEMENT, PM LAVISHLY PRAISED CANADA AS "TRUE FRIEND" AND ROUNDLY CRITICIZED

U.K. ON SEVERAL SCORES. P.M. CONTRASTED U.K. COMMITMENT TO "RECENTLY INDEPENDENT COUNTRY" (I.E. GRENADA) OF BDS DOLS 2.5 MILLION OVER NEXT THREE YEARS, ADDING THAT U.K. HAD ALSO GIVEN LEADER OF "THAT COUNTRY" POUNDS 100,000 "TO BE RID OF HIM". IN VIEW OF SUCH "PATRONIZING, PENURIOUS AND DERISIVE TREATMENT" AT HANDS OF U.K., PM SAID HE EXPECTED NO CRITICISM OR TALK ABOUT CONTRACTUAL OBLIGATIONS WHEN BARBADOS FORMALLY ANNOUNCES IT WILL SHIP NO SUGAR TO U.K. UNDER CSA THIS YEAR.

2. PM ALSO DECRIED U.K. HARSHLY IN "EXPELLING BARBADOS FROM STERLING AREA" TWO YEARS AGO AND HINTED THAT GOB RESERVES OF SOME US DOLS 16 MILLION WOULD BE TAKEN TO MORE SECURE PLACE  
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WHERE "THIEVES NEITHER BREAK IN NOR MOTHS CORRUPT".

3. COMMENT:

AS FAR AS WE KNOW THIS IS FIRST OCCASION THAT PM HAS PUBLICLY ANNOUNCED INTENTION OF FOREGOING CSA COMMITMENTS IN FAVOR OF MORE LUCRATIVE U.S. OR WORLD MARKETS. EMBOFF SCHEDULED TO MEET THIS AFTERNOON WITH KEY FINANCE MINISTRY PERSONNEL TO DISCUSS GOB SUGAR PLANS.

4. PM'S VEILED REFERENCE TO MOVING RESERVES OUT OF U.K. ALSO FIRST PUBLIC HINT OF CHANGE OF GOB MONETARY POLICIES. SOME LOCAL BANKS AND LARGER COMMERCIAL FIRMS ARE INTERPRETING THIS REMARK AS DEFINITE INDICATION THAT GOB PREPARING TIE ITS CURRENCY TO U.S. DOLLAR, POSSIBLY MOVING RESERVES TO U.S. IN PROCESS. REFERENCE TO GOB "EXPULSION" FROM STERLING AREA PRE-SUMABLY REFERS TO U.K. SHIFT OF EAST CARIBBEAN CURRENCY AUTHORITY (ECCA) CURRENCY FROM INTERNAL TO EXTERNAL INVESTING CLASSIFICATION TWO YEARS AGO. THAT MOVE, COMING WHEN U.S. DOLLAR WAS UNDER SEVERE PRESSURE, REDUCED CONVERTIBILITY AND GOB ACCESS TO LOWER INTEREST INTERNAL STERLING.  
DONOVAN

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## Message Attributes

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